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S. HRG. 98-1093

HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 2857

A BILL TO ENABLE HONEY PRODUCERS AND HANDLERS TO FINANCE A NATIONALLY COORDINATED RESEARCH, PROMOTION, AND CONSUMER INFORMATION PROGRAM DESIGNED TO EXPAND THEIR MARKETS FOR HONEY (HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT)

SEPTEMBER 18, 1984

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

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HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT

TUESDAY, SEPTEMBER 18, 1984

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL RESEARCH
AND GENERAL LEGISLATION OF THE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The subcommittee met, at 2:13 p.m., in room 328–A, Russell Senate Office Building, Hon. Mark Andrews, presiding.

Present: Senator Andrews.

STATEMENT OF HON. MARK ANDREWS, A U.S. SENATOR FROM NORTH DAKOTA

Senator ANDREWS. The subcommittee will come to order.

This subcommittee is meeting today to consider S. 2857,[1] a bill to establish a national research, promotion, and consumer information program to help increase the consumption of honey in this country.

Currently the demand for honey is somewhat less than the supply of domestic and imported honey. As a result, our domestic producers are forced to rely in an ever increasing fashion on the Federal Honey Loan Program as a marketing tool.

This increased Federal participation results in a greater burden on the U.S. taxpayer. Many within the honey industry feel that a marketing board, similar to that in the egg, potato, wheat, cotton, and beef industries, will be able to increase domestic consumption enough to lessen the oversupply situation.

This bill represents an attempt by the beekeeping industry to overcome their own economic problems by their own means.

The subcommittee is pleased to welcome today the witnesses who will describe the problems confronting the honey industry and how this bill proposes to solve its problems. In short, what we want to do is get American-produced honey into the marketplace so our consumers can buy that honey, rather than have the American-produced honey moving into storage, where it costs the taxpayers money and is not available.

Our first witness today will be Charles Brader, the Director of the Fruit and Vegetable Division, Marketing and Inspection Services of the USDA.

[1] See p. 24 for a reprint of S. 2857.

It is good to have you here today, and let me assure you, Mr. Brader, your total statement, of course, will appear in the record. We are glad to have you with us.

STATEMENT OF CHARLES R. BRADER, DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. BRADER. Thank you, Mr. Chairman. We certainly appreciate the opportunity to appear before you to present the Department's view on this bill.

The Department recommends that the bill be enacted. The legislation would provide the statutory authority for the honey industry, similar to that provided for other commodity groups that you just mentioned, and it is the Department's continuing position to support industry self-help programs of this nature.

The bill is designed to help honey producers and handlers expand their markets through a nationally coordinated program. It would be financed through assessments paid by producers and importers.

To become effective, it would have to be approved by those producers and importers voting in referendum. The program would be administered by a honey board, which would be comprised of 13 members who would be appointed by the Secretary of Agriculture from nominations submitted by the industry.

Assessments would be at the rate of 1 cent per pound for the first year. Thereafter, the rate might be increased by ½ cent per pound annually, to a maximum of 4 cents per pound.

An exemption is provided for any producer or importer who produces or imports less than 6,000 pounds of honey a year.

Without accounting for exceptions, total revenue could be expected to be about $3 million annually based on last year's volume of production and imports.

In keeping with the self-help thrust of these kinds of programs, all USDA costs would be covered by the industry. The estimated startup costs would be about $20,000. They would be reimbursed to the Department.

In addition, the honey board would be required to reimburse the Department about $40,000 annually for administrative costs.

Mr. Chairman, this concludes my statement. I have made a longer version available.

Senator ANDREWS. Thank you. The longer version, of course, will appear in the record.[2]

We appreciate your comments.

Mr. BRADER. Thank you, sir.

Senator ANDREWS. Let me ask just a couple of questions so that we make a more complete record. Under this legislation, of course, we have provisions providing for assessments on imports. Is this going to cause any problems with our trading partners?

Mr. BRADER. We do not anticipate that it will. There is precedent for this in other legislation, and I believe that the proponents of

[2] See p. 12 for the prepared statement of Mr. Brader.

this group of the honey industry have consulted with the importers.

Senator ANDREWS. Would such a provision be in conflict with GATT in any way?

Mr. BRADER. Not to my knowledge.

Senator ANDREWS. It would assess, as I understand it, all beekeepers producing over 6,000 pounds of honey annually. How many beekeepers would then be assessed? Do you have an estimate?

Mr. BRADER. I have to defer to Mr. Weaver who is right here, if he will.

Senator ANDREWS. All right.

Mr. WEAVER. Senator, one of our problems is a lack of statistics. In the latest statistics we have on the beekeeping business which really hold up, which came in 1977, at that time there was a different cutoff point at 300 colonies rather than the 6,000 pounds, but at that time, I think that figure above 300 colonies was about 1,700 beekeepers, and then there were 10,000 beekeepers in the area from 350. So if you can take half of that, that would be 5,000. I think that we are talking about in the neighborhood of 6,000 or 7,000 beekeepers.

Senator ANDREWS. Have you any estimate on how much money would be raised annually through the assessment?

Mr. BRADER. We think approximately $3 million would be possible at the initial rate.

Senator ANDREWS. Have you any estimate on how much consumption could be increased if you used all of this for promotions?

Mr. BRADER. My crystal ball is not very clear on that. We hope that there would be some significant increase, but that is a difficult thing to project.

Senator ANDREWS. Now, if the honey promotion program is successful in increasing consumption, do you believe that the imports will increase to fill the increased demand?

Mr. BRADER. Well, I think there are other factors that would bear on that, but an increase in total consumption certainly could not harm the domestic industry, and the domestic industry would have the first shot at it.

Senator ANDREWS. So they would have the first shot at it.

You have had a number of similar programs in the Department of Agriculture in the past. Some have been successful and some have not. What does an industry have to do to make its program successful? What advice would you give to the honey producers?

Mr. BRADER. First of all, it is difficult to measure the success of these kinds of programs. One of the measures, of course, is the continuing support by the industries that are assessing themselves. So the first piece of advice would be to try to develop a cohesive industry so that they have full and broad support for the proposals that they make and the kinds of programs that they undertake.

Under the research and promotion umbrella, of course, there are all kinds of approaches, and I am not anxious to tell the honey people just which kind of approach would be best suited for them.

Senator ANDREWS. The main thing, as I interpret your response, is that they are going to have to get together and work this out so that the producers are satisfied with the direction in which they are going.

Mr. BRADER. Yes, sir.

Senator ANDREWS. And that they need participation on the part of the producers.

Mr. BRADER. Yes, sir.

Senator ANDREWS. Thank you very much, Mr. Brader.

Our next witnesses we will have paneled together. They are from the Beekeeping Federation. We have Binford Weaver, who is the chairman of Honey Industry Council, from Navasota, TX, and Frank Robinson, the secretary of the American Beekeeping Federation of Gainesville, FL.

Welcome to you. Mr. Weaver, do you want to testify first?

STATEMENTS OF BINFORD WEAVER, CHAIRMAN, HONEY INDUSTRY COUNCIL, AND FRANK ROBINSON, SECRETARY, AMERICAN BEEKEEPING FEDERATION

Mr. WEAVER. Yes, sir.

I have rather detailed testimony for the committee. I will very briefly summarize this testimony.

Senator ANDREWS. Let me assure you that your whole statement will appear in the record.[3]

Mr. WEAVER. Thank you, sir.

I think that you, Senator Andrews, and you, Mr. Brader, have covered the main points of the program quite adequately. This legislation is a badly needed first step to enable the honey industry to begin to solve its own marketing problems.

We have been 2 years in the background work, making sure that everybody in the industry had a chance to have input on the program that we have put forward here. There is no organized opposition, to the best of my knowledge and belief. There will be no cost to the Federal Government if this program is enacted.

I will be happy to answer any questions that I can on the details of this program, but I just would like to urge that we have speedy passage of this bill through the Senate so that the beekeepers—honey producers—can get on with a problem that they should have tackled years ago.

Senator ANDREWS. Mr. Robinson.

Mr. ROBINSON. I have no prepared statement to present, Senator. I will be glad to answer any questions.

Senator ANDREWS. But you support the position presented by Mr. Weaver?

Mr. ROBINSON. Wholeheartedly.

Senator ANDREWS. Is there any consistent, identifiable difference in quality between domestic and imported honey?

Mr. WEAVER. Senator, I wish I could say truthfully that there is, but there is no consistent, identifiable, and I think "identifiable" is the key word there, difference. Some imported honey is definitely not clean to the standards of domestic honey. Some is definitely off-flavored compared to domestic honey, but to set standards that domestic honey could pass and a lot of the imported or lower grade imported honey could not pass would be extremely difficult, if not impossible.

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[3] See p. 14 for the prepared statement of Mr. Weaver.

Senator ANDREWS. In other words, if quality standards were set for domestic honey at what you would deem a reasonable level, most imported honey would be able to meet those standards?

Mr. WEAVER. I would say so, yes, sir.

Senator ANDREWS. If I wanted to go to the grocery store and buy American honey, could I identify it?

Mr. WEAVER. Not at the present time. However, the U.S. Customs Service, after months of hearings and testimony, has ruled that imported honey will be labeled as such on the grocery shelf, and our organization is doing everything it can to see that enforcement of this provision starts immediately.

Senator ANDREWS. Do you have any information as to whether or not this is being enforced?

Mr. WEAVER. I will defer to Frank Robinson.

Mr. ROBINSON. It has not been up to this point. This determination was just finally made at the end of July, and as far as I know, I have not seen any country origin label.

Senator ANDREWS. But you feel that if these labeling regulations were enforced, to protect the rights of the consumer, it might make some difference in the acceptability of imported honey?

Mr. ROBINSON. We would hope so. We mainly support this because we feel that the consumer should know if he is purchasing foreign honey rather than domestic.

Mr. WEAVER. I think it might help in two ways. I think it may help those people who are sick and tired of imports flooding our markets and want to buy domestic, and they could buy with the knowledge that they were buying domestic honey.

I also think it would help those people who expect a certain flavor when they buy honey, and these imported honeys have a completely different flavor. If a consumer picks up a jar of honey and it is not a flavor that they like, they are likely to say, "Well, I am not going to buy any more honey." If they can read on the back that it is imported honey and they realize that they like domestic honey, I think that will help in that respect to get that consumer back to domestic honey.

Senator ANDREWS. Are standards sufficiently high on domestic honey so that they do have the type of quality control that would be appreciated or is appreciated and recognized by the consumer?

Mr. WEAVER. We hope to get more industry standards on such things as floral source definitions, like when you get orange blossom honey, to insure that you are getting orange blossom honey, and so forth. Those standards are not high enough.

The standards for cleanliness and all of that sort of thing are top notch, but we do need some better domestic standards on some of these other categories.

Senator ANDREWS. Do they have the same standards of cleanliness on imported honey?

Mr. WEAVER. When it reaches the consumer, it will have to meet those standards. It is not necessary to pass any standards to get into the country.

Senator ANDREWS. Is there any part of the industry which is opposing this legislation?

Mr. WEAVER. There may be random beekeepers who are opposing it, but as far as any organization, any organized opposition, I have

not heard of any, and we gave all segments of the industry an opportunity to particpate in the planning of this program.

Senator ANDREWS. There is provision in the legislation for those who do not wish to participate in the program to request refunds.

Mr. WEAVER. Yes, sir.

Senator ANDREWS. Do you have any off-the-top-of-your-head estimate as to how many producers might request refunds?

Mr. WEAVER. I do not.

Senator ANDREWS. Finally, I understand that other countries consume more honey than we do on a per capita basis. In fact, I think some European countries consume almost twice as much per capita. Why? To what do you attribute this difference in consumption habits between Euorpeans, who have very similar diet desires as we have, and Americans? Why do they consume twice as much honey?

Mr. WEAVER. I hope that is one of the things that our market research can help to tell us. I know that the West Germans, for instance, consume about three times as much honey as we do. It is a rather usual and staple part of the diet of many, many Europeans, a much larger percentage than of the American population.

On a question you asked Mr. Brader, I would like to make a stab at. It is our goal that we double our consumption of honey in the United States through this program, and since we only consume 1 pound per capita out of 128 pounds of total sweeteners used, and since other countries, such as some of the Western European countries consume three times as much, I think it is a reasonable goal.

If we do double our consumption, we can use all of our domestic production and see none of it going into the Government's hands, and use up all of the imported honey that is now coming into the country, plus a reasonable increase in production.

At this time the United States is already the dumping ground for all surplus world honey, and they can only increase their production a finite amount. There is not an infinite amount of honey out there to come into the U.S. honey market. So if we increase our consumption, we are going to increase our domestic consumption.

Senator ANDREWS. So in examining the European consumption, you feel, and your experts have told you in your association, that it is reasonable to suspect that it will not be too difficult to increase the honey consumption in this country from 1 to 2 pounds per capita per year?

Mr. WEAVER. That is what several so-called experts have told us.

Senator ANDREWS. And you are willing to give it a try and bear the cost of the program yourselves?

Mr. WEAVER. Yes.

Senator ANDREWS. Thank you very much for your interesting testimony. That concludes our hearing on this bill.

We want to advise that the record will remain open for 5 days. If anyone has additional information they wish to submit.

Without any further comments we will adjourn.

[Whereupon, at 2:31 p.m., the subcommittee adjourned, subject to the call of the Chair.]

APPENDIX

STATEMENT OF HON. JESSE HELMS
A U.S. SENATOR FROM NORTH CAROLINA

I commend Senator Andrews for holding this hearing today on S. 2857, the Honey Research, Promotion and Consumer Information Act.

Most of us are aware of the problems facing America's beekeeping industry. Chief among these problems is the ballooning costs of the honey price support program.

Under current law, the Secretary of Agriculture is required to support the price of honey at between 60 and 90 percent of parity. For a number of years now, the support level has been held at 60 percent. For the 1983 crop year, this translated to 62.2 cents per pound.

In recent years, the Department has been left with increasing forfeitures of honey placed under loan. For the 1983 crop, acquisitions are estimated to run 115 million pounds; or about $80 million when various costs are included, such as storage and transportation.

One of the reasons why government purchases of honey have been increasing can be traced to the rise in cheap imports of honey. Domestic U.S. production of honey typically ranges around 200 million pounds. This is somewhat less than domestic consumption, which last year exceeded 250 million pounds. The problem is that cheap, and sometimes subsidized imports have been adding as much as 110 million pounds to our domestic supply.

Interestingly enough, one of the prime importers of honey into this country is Communist China. Since the late 1970's, U.S. imports of their honey have increased dramatically. In 1978, China shipped only 664 thousand pounds of honey to the United States. Only 4 years later, the Red Chinese were sending 17.6 million pounds of honey into our country annually. This represents an increase of 2,650 percent.

I don't think anyone believes that the bill before us now will solve the problems of the beekeeping industry. However, what this proposal does show is that beekeepers are willing to take positive steps to try to solve these problems.

This legislation would allow beekeepers to pool their resources to promote sales of honey. Specifically, following approval in a referendum, the program called for in this bill would provide for an initial assessment of $.01 per pound on the production of beekeepers producing at least 6,000 pounds of honey per year. Producers not wishing to contribute could request a refund. Those beekeepers producing less than 6,000 pounds, which is roughly equivalent to 100 hives, would be exempt.

There is much precedent for this legislation. Similar authority has been provided in law, starting in 1966, for such commodities as cotton, eggs, potatoes, wheat, beef, and floral products. Further, a promotion program for milk and dairy products was a key provision in the Dairy and Tobacco Adjustment Act of 1984 (P.L. 98-180).

It is important to remember that this legislation will not automatically put into place a honey research and promotion program. Rather, it will simply permit beekeepers to decide for themselves as to whether they want such a program.

While it is true that there are no guaranteed results for a commodity research and promotion program, there have been some note worthy successes. Attached (appendix A) is a recent article from the Farm Bureau News outlining some of the achievements of the cotton promotion program.

Solving the problems currently facing the beekeeping industry will be no easy matter. However, this proposal promises to be a step in the right direction. The industry is to be commended for taking the initiative on this proposal and doing such a good job in providing us with complete and non-controversial legislation.

COMMODITY FOCUS

Research and promotion spurs cotton's comeback

U.S. cotton producers can point to growing success in building markets.

Instead of losing markets to synthetic fibers—the number one competition—cotton is gaining ground as a result of the efforts of Cotton Incorporated, the producer's research and promotion arm.

Just as producers invest their dollars in seed, fertilizer and other production expenses, the majority of them invest their dollars in research, product development and advertising. This investment averages one-half of 1 percent of production costs per acre, totaling $18 million in 1984. (Cotton Incorporated carries out these activities, which are administered by the Cotton Board, the recipient of producer contributions.)

Today, the cotton leadership, which includes many key Farm Bureau members across the Cotton Belt, is looking to increase their share of market despite intense competition from synthetic fiber companies.

"After losing market share year after year," said Hugh Arant, Mississippi Farm Bureau president and a director of Cotton Incorporated, "cotton is finally enjoying a resurgence."

He adds, "Even so, we cannot be satisfied even with 40 percent of the apparel market which cotton is approaching today at retail." He stresses, "We need to increase our share to at least 50 percent or more within the next decade, plus improve consumption in other key markets."

Nonetheless, cotton is back in demand after losing out to the so-called "miracle fabrics," polyester and other artificial fibers, in the 1960s and early '70s.

Research plays a key role in cotton's comeback. In its work to encourage greater cotton use, Cotton Incorporated employs sophisticated processing techniques like shrinkage control and dye finishing at its Raleigh, N.C., research center.

Textile specialists there also develop new all-cotton and cotton-rich products for mills, manufacturers and retailers, and the ultimate customer—the consumer.

Aided by fashion development work in Raleigh and in New York, this back-to-cotton trend is also spurred by coast-to-coast television advertising for products of at least 60 percent cotton.

"Thanks to this grower-funded and directed program," says S. M. True, Texas Farm Bureau president and Cotton Board member, "cotton has 36 percent of all fibers in the apparel market moving across the retail counter, according to the Market Research Corporation of America." That share was 32 percent in 1975.

In specific categories, cotton's share is more dramatic. For instance, cotton's share in men's apparel was 50 percent in 1983; compared to 42 percent in 1975; in women's apparel, 28 percent, compared to 16 percent; and in total denim jeans, 85 percent compared to 80 percent.

In retail stores, sales of apparel and home furnishings back up the statistics. There is a harvest of 100 percent easy-care sheets and pillow cases; mostly-cotton shirts, sheets and now slacks; and 100 percent cotton knits, sweaters, cotton towels, lingerie and other cotton products.

Literally millions of Cotton Incorporated trademarks can be found on product hangtags and labels: NATURAL BLEND™ (blended products containing a minimum of 60 percent U.S. upland cotton with approved performance characteristics); NATURAL STRETCH™ (stretch products containing a minimum of 90 percent U.S. upland cotton); and COME HOME TO COTTON™ (promoting decorative fabrics featuring cotton).

New in 1984 is a sales building program called "True Performance," a concept for leading manufacturers and retailers of apparel and home fashion that consisting of a package identification system that features a description of generic product attributes.

Over 30 companies are participating, including Sears, J. C. Penney and K-Mart, in promoting the concept that only cotton offers "true" performance, as opposed to synthetics.

Common to all Cotton Incorporated promotions is the "Seal of Cotton," a Cotton Incorporated trademark now recognized by six out of every 10 adult Americans.

This symbol is featured in all of Cotton Incorporated's print and television advertising. Every TV commercial reaches five million homes at an average cost to the grower of only 33 cents. Among other places, Cotton Incorporated's advertising appears on the network morning news shows, reaching cotton's number one target audience in large numbers, women.

Advertising shows cotton products of various manufacturers during peak buying seasons, such as men's wear, jeans and men's slacks in spring, and men's dress shirts before Father's Day.

All ads emphasize cotton as a "True Performance" fiber, stressing the "feel of cotton" with the theme: "Once You Get a Feel for Cotton, You Won't Feel Like Anything Else."

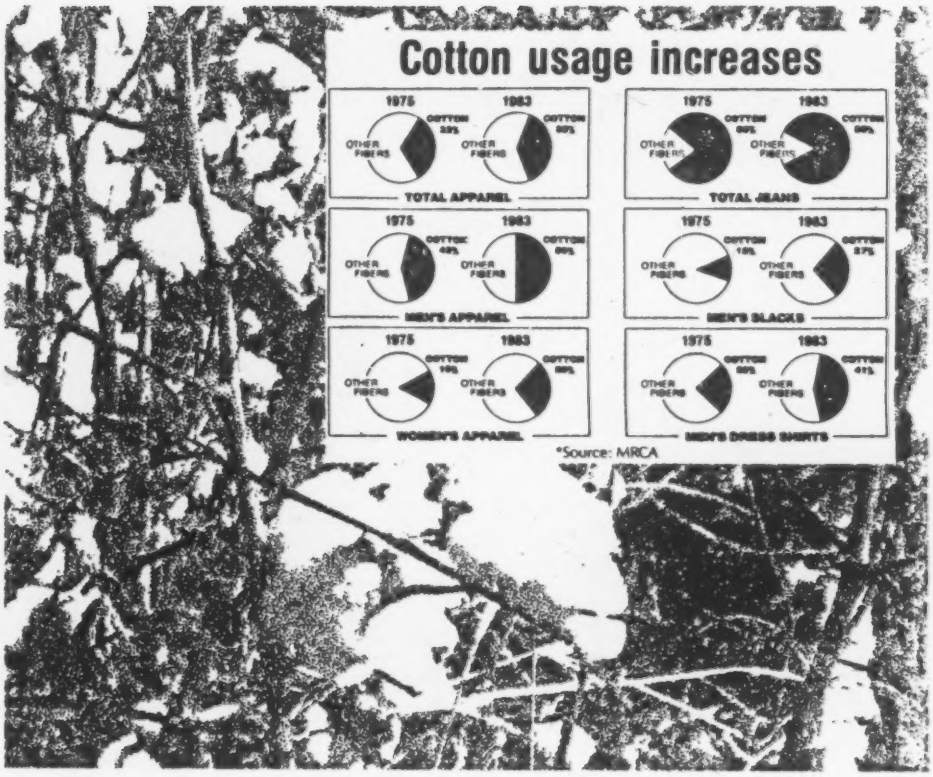
In addition to coast-to-coast advertising, special promotions are conducted with major stores and consumer media in New York, Dallas, Los Angeles and Chicago. In three of the four cities Cotton Incorporated also has cotton fashion libraries with 10,000 samples for designers.

"Though all these programs are aimed at the domestic market, they also influence overseas customers," said Don Kerr, chairman of the AFBF Cotton Advisory Committee and Cotton Board member from North Carolina. Because our foreign customers are interested in fashion trends in this country, these programs encourage them to buy cotton for their markets, both here and overseas," he said.

Cotton Incorporated's overseas offices in London and Osaka, Japan, also help to boost exports of U S. cotton. Specialists provide technical assistance, fashion knowhow and other services to cotton customers.

Looking at the future, cotton leaders stress the need to more effectively target cotton's key customers in the 1980s and '90s: the "baby boomer" generation representing 76 million Americans.

"If we are to increase our market share with these increasingly affluent and sophisticated customers," says Glen Stevens, chairman of the Cotton Board, "then we must ensure that this program is adequately funded to do the job."


Cotton usage increases
1975
1983
COTTON
OTHER FIBERS
TOTAL APPAREL
TOTAL JEANS
MEN'S APPAREL
MEN'S SLACKS
WOMEN'S APPAREL
MEN'S DRESS SHIRTS
*Source: MRCA

STATEMENT OF HON. WALTER D. HUDDLESTON
A U.S. SENATOR FROM KENTUCKY

Mr. Chairman, I am pleased that we are having this hearing.

The honey producers in the United States are facing economic hardship. Honey producers, like producers of many other commodities, face strong and sometimes unfair competition from foreign suppliers. Honey imports since 1982 have been near 100 million pounds annually; and consumption is down, with per capita sales of honey in the United States well behind sales in other western countries. The honey industry believes increasing consumer demand will help honey producers cope with these problems.

The bill authorizes the establishment of an orderly procedure for the development and financing of a coordinated program of research, promotion, and consumer education related to honey. The bill intends to strengthen the honey industry and maintain, develop, and expand markets for honey and honey products.

The bill provides for the establishment of a Honey Board by the Secretary of Agriculture. The Honey Board would be authorized to collect an assessment to finance research, promotion and consumer information, and other expenses related to increasing sales of honey. The assessment rate would be no more than one cent per pound for the first year after enactment.

The assessment would be applied to all honey produced in the United States by honey producers with an annual production of over 6,000 pounds. The assessment would also be collected on imported honey and honey products.

The bill provides for exemptions from the assessment. A producer or producer-packer who produces or handles less than six thousand pounds of honey per year or an importer who imports less than six thousand pounds of honey per year would be exempt from the assessment.

Further, any producer or importer could obtain a refund of the assessment by making a request within the time and in the manner to be prescribed by the Honey Board and approved by the Secretary.

After the first year of operations, the Honey Board could submit to the Secretary a request for an increase in the assessment rate not to exceed one half cent per year. However, at no time could the total assessment rate exceed 4 cents per pound.

Before the assessment could be imposed, it must be approved by two-thirds of the producers and importers voting in a referendum, or by a majority of producers and importers voting if that majority produced and imported two-thirds or more of the honey

produced and imported during a representative time period, as determined by the Secretary of Agriculture.

Mr. Chairman, I look forward to the testimony of today's witnesses.

STATEMENT OF CHARLES R. BRADER, DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. Chairman and Members of the Committee: We appreciate the opportunity to appear before your Committee to present the Department's views on S. 2857, the "Honey Research, Promotion, and Consumer Information Act."

The Department recommends that the bill be enacted.

S. 2857 is identical to H.R. 5358 which was approved by the House on July 25, 1984.

The legislation would provide statutory authority to the honey industry similar to that now provided for cotton, eggs, potatoes, wheat, beef, and floral products. It has been the Department's continuing position to support industry self-help programs of this nature which are designed to improve the competitive position of producers in the marketplace.

S. 2857 is a bill to enable honey producers and handlers to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey. To become effective, the program must be approved by two-thirds of the producers and importers voting in referendum or by a majority of producers and importers voting if such majority produced and imported not less than two-thirds of the honey produced and imported during the representative period determined by the Secretary. The program would be financed through assessments paid by producers and importers.

In recent years the U.S. honey price support program has forced the domestic price well above the world price, encouraging massive imports of less expensive foreign honey. As a result, U.S. surplus stocks have been increasing sharply and CCC honey acquisitions under the price support program in 1983 were about one-half of the domestic crop.

U.S. annual per capita consumption of honey has been in the range of 1.06-1.26 pounds in recent years. This legislation could potentially increase per capita consumption from this low level. Such an increase in demand could have a stabilizing effect on prices and might reduce the quantity of honey acquired by CCC under the price support program. However this bill would not

have an effect on prices and might reduce the quantity of honey acquired by CCC under the price support program. However, this bill would not have an effect on any possible further increases in the honey support prices and resulting increases in imports of less expensive honey.

Under the supervision of the Secretary, the program would be administered by a Honey Board comprised of 13 members who would be appointed by the Secretary from nominations submitted by the National Honey Nominations Committee. Termination of the order could be effected by a majority of producers voting in referendum, or by the Secretary if it is deemed that the order obstructs or does not tend to effectuate the declared policy of the Act. Provision is also made for the Secretary to conduct a referendum 5 years from the date of issuance of the order, and every 5 years thereafter, to determine if honey producers favor the continuation, termination, or suspension of the order.

Assessments under the program would be at the rate of one-cent per pound for the first year the order is in effect. Thereafter, the rate of assessment may be increased by one-half-cent per pound per year, with a maximum rate of assessment of four cents per pound. Producers or importers assessed under the program would be entitled to a refund of assessments upon request. An exemption from the assessment is provided for any producer or producer-packer who produces or handles less than 6,000 pounds of honey per year or an importer who imports less than 6,000 pounds of honey per year.

The 1983 domestic production of honey was about 205 million pounds and imports were about 110 million pounds. Application of a one-cent per pound assessment rate to these quantities would result in revenue of about $3.2 million. The proposed 6,000 pound exemption for individual producers and importers would, however, result in some reduction from this level.

The bill also authorizes the Secretary to deal directly with violators of the Act by assessing civil penalties of not less than $500 or more than $5,000 and issuing cease and desist orders for violations of any order or regulation. This authority would enable the Department to deal with violators through administrative sanctions, subject, of course, to procedural due process. This would expedite the enforcement process, relieve the overburdened Federal court system, and communicate to those covered by the Act the importance of complying with the Act's provisions.

Estimated costs to be reimbursed to the Department for promulgation proceedings, including hearings, printing, postage, and conduct of the referendum is about $20,000. In addition, the Honey Board would be required to reimburse the Department approximately $40,000 annually for administrative costs incurred.

Mr. Chairman, this concludes my statement. I shall be glad to respond to any questions the Committee may have.

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STATEMENT OF BINFORD WEAVER, CHAIRMAN
HONEY INDUSTRY COUNCIL, NAVASOTA, TEXAS

I am Binford Weaver, Chairman of the Honey Industry Council, member of the Executive Committee of the American Beekeeping Federation, a former president of the American Beekeeping Federation and Chairman of the American Beekeeping Federation's Committee appointed to obtain mandatory assessment of funds for honey research, promotion and market development. This testimony concerns the bill known as S. 2857 which is titled "The Honey Research, Promotion and Consumer Information Act".

Section II, subsections 1 and 2, are self-explanatory; however, subsections 3 and 4 may need further elaboration. Taking the 1983 honey crop year for example, in 1983, 110 million pounds of honey was imported into the United States at an average price of approximately 40 cents per pound. This compares to a domestic production of approximately 200 million pounds with an average price support price for U.S. domestic production of 62 cents per pound. In the same 1983 crop year, the amount of honey put under the price support loan program was 105 million pounds, with the majority of this honey scheduled to be turned over to the Commodity Credit Corporation.

For this situation I see only four options.

Option 1 is the continuation of the present price support program into the indefinite future, with the probability of large-scale take-overs of honey by the Commodity Credit Corporation until the world economy improves. The present price support program is coming under increasing fire from the Administration as being too costly to the U.S. Government; and while it is the devout hope of the beekeeping industry, that the price support program will continue until we can increase the consumption of honey to the point that the domestic industry is self-sustaining, still we do not feel that this is a program that can be continued into the indefinite future.

Option 2 is to put on a tariff on imported honey that would bring the price of imported honey up to the domestic honey price level or quotas on imported honey that would hold the amount of honey being imported to the amount needed to supplement our domestic consumption to fulfill our domestic needs. This is the option that is highly favored by the beekeeping industry. We have tried for a number of years to get a substantial increase in tariffs or quotas without success since the countries from which we import a majority of our honey are also countries that the United States is interested in increasing trade with; namely, Mexico, China, Canada, Argentina and other Central and South American countries. It seems unlikely that tariffs and quotas will be instituted in the near future.

Option 3 is the disappearance of the beekeeping industry as we know it. Not only would this cause the disappearance of an in-

dustry that is mainly of the small, family farm type that has traditionally been prized in the United States, but also would be unacceptable because of the value of bees to agriculture, in general, in their role as pollinators of so many of our food and fibre crops. A number of our agriculture crops are absolutely dependent upon insect pollination--which mainly means honeybees. Crops such as almonds, apples, alfalfa seed, cucumbers are in this category that are absolutely dependent on insect pollination. In others, the production is increased through insect pollination. In S. E. McGreagor's definitive work, Insect Pollination of Cultivated Crop Plants, published by the United States Department of Agriculture, Agricultural Research Service in July of 1976, the plants that are listed as being dependent on insect pollination or benefited by insect pollination, had a crop value of some $8 billion at that time. If this is projected out to benefits to other crops and livestock, such as the dairy cattle and beef cattle that are fed on the alfalfa hay produced by insect-pollinated alfalfa seed, the value has been estimated at $18 billion. A substantial reduction of the number of honeybee colonies in the United States could have a devastating effect on our agriculture, therefore, letting the beekeeping industry disappear is not a viable option.

Option 4 is to increase the consumption of honey. The per capita consumption of honey in the United States is approximately one pound. This is out of a total per capita consumption of sweeteners of 128 pounds. It is the belief of our Committee that the consumption of honey can be doubled in the United States within a relatively short period of time by a concerted, cooperative program of promotion and consumer information. This may sound like an impossible goal except that in many other countries, for instance West European countries such as Germany, the per capita consumption is over three times what it is in the United States. If we could double the per capita consumption of honey, we could put domestic honey back in the normal trade channels and use more than the present supply of imported honey.

Since the honey industry in the United States is comprised mainly of small and medium-sized businesses scattered through the fifty States of the United States, the development and implementation of coordinated programs of research, promotion and consumer education necessary for maintaining our present markets and developing new markets, have been and will be, inadequate without a means for cooperative action. It is therefore the purpose of this act to establish an orderly procedure for the development and financing through an adequate assessment of an effective and coordinated program of research, promotion and consumer education designed to strengthen the position of the honey industry in the marketplace and to maintain, develop and expand markets for honey and honey products.

There is nothing in this act that can dictate quality standards for honey, provide for control of production, or in any other way

to limit the right of the individual honey producers to produce honey.

This Act treats foreign producers equitably and there is nothing in this Act which may be construed as a trade barrier to honey produced in foreign countries.

Under Section 5, after the passage of this Act, the Committee for Research, Promotion and Market Development of the American beekeeping Federation will submit a proposal for an order and request a hearing of the Secretary of Agriculture. If the Secretary finds that the evidence introduced at such hearing shows that the issuance of an order and the terms and conditions thereof will assist in carrying out the purposes of this Act, he shall issue such an order.

Any order issued by the Secretary shall contain only the terms and conditions described in Section 7 and Section 8.

An order issued by the Secretary of Agriculture shall provide for the establishment, and appointment by the Secretary, of a National Honey Nominations Committee. The duties of this committee shall be to nominate the members of the Honey board, which is the board charged with the administration of the order. The Secretary shall appoint members of the National Honey Nominating Committee from nominations submitted by each State association. If a State association doesn't submit a nomination, the Secretary may provide for nominations from that State to be made in a different manner, except that if a State which is not one of the top twenty honey-producing States in the United States does not submit a nomination, that State shall not be represented on the Committee. The reason for this provision is that some States have only a few commercial beekeepers and if such State with a small amount of commercial honey production does not wish to be represented on the Board, it shall not be necessary for them to be so represented. The members of the Committee shall serve for three-year terms, with no member serving more than two consecutive terms. The initial appointment shall be staggered so that an equal number of members shall serve one year, two year and three year terms. The members of the Committee shall serve without compensation but be reimbursed for their reasonable expenses in performing their duties as members of the Committee.

The Committee shall select its own Chairman. The Committee shall nominate the members and alternates of the Honey Board and submit such nominations to the Secretary. The Committee shall meet annually for the purposes of making these nominations except that after the first annual meeting when determiend by the Chairman, the Committee may conduct its business by mail ballot in lieu of the annual meeting. In order to nominate members to the Honey Board, at least 50 percent of the members from the twenty leading honey producing States must vote. A majority of the national honey nominating committee shall constitute a quorum for voting at an annual meeting or by mail ballot.

The order shall provide for the establishment and appointment by the Secretary of a Honey Board. The membership of the Honey Board shall consist of (a) seven members who are honey producers appointed from nominations submitted by the national honey nominating committee, one from each of seven regions in the United States, which shall be established by the Secretary on the basis of the production of honey in the different areas of the country; (b) two members who are handlers of honey who shall be appointed from nominations submitted by the Committee from recommendations made by the industry organizations representing handler interests; (c) two members who are importers appinted from nominations submitted by the committee from recommendations made by industry organzations representing importer interests; (d) one member who is an officer or employee of a honey marketing cooperative appointed from nominations submitted by the Commitee; and (e) one member selected by the Secretary from the general public.

The Committee shall also nominate an alternate for each member of the Honey Board, and the Secretary shall appoint such an alternate. These alternates shall serve only when the member is absent from a meeting or is disqualified. Members of the Honey Board shall serve for three year terms with no member serving more than two consecutive three-year terms except that the initial appointment to the Honey Board shall be staggered so that an equal number of members is appointed to one year, two year and three year terms. In the event that any member of the Honey Board ceases to be a member of the category of members from which the member was appointed to the Board, such person shall be automatically replaced by an alternate. For example, if a member was appointed to the Honey Board as an officer or employee of a honey marketing cooperative and he ceases to be an officer or employee of this honey marketing cooperative, he would be replaced by his alternate.

It should be noted that the nominations committee is not limited to selecting members of the nominations committee to the Honey Board. This is to give the Committee the widest possible latitude in order to select members who have the qualifications needed by the Honey Board. Members of the Honey Board shall serve without compensation but shall be reimbursed for their reasonable expenses in the performance of their duties.

The powers and duties of the Honey Board shall be to administer any order issued by the Secretary under this Act, to prescribe rules and regulations to effectuate the terms and provisions of this order, to receive, investigate and report to the Secretary the accounts of violations of such order, to make recommendations to the Secretary with respect to ammendments which should be made in such an order, and to employ a manager and staff.

The Honey Board shall prepare and submit to the Secretary for the Secretary's approval, a budget of its anticipated expenses and disbursements in the administration of the order, including

the probable costs or research, promotion and consumer information.

The Honey Board shall administer collection of the assessment on honey to finance the expenses of the Honey Board. For the first year in which the plan is in effect, the assessment rate shall be 1 cent per pound. After the first year, the Honey Board may submit to the Secretary a request for an increase in the assessment rate not to exceed 1/2 cent per pound per year, but at no time shall the total assessment rate exceed 4 cents per pound. Of course, there is no limit to the rate at which the Honey Board may recommend that the assessment rate be decreased. If there are more funds being raised than the Board feels can be used in an effective manner, they may recommend a decrease of any amount.

A producer or producer/packer who produces or handles less than 6,000 pounds of honey per year, or an importer who imports less than 6,000 pounds of honey per year shall be exempt from the assessment. In order to claim such an exemption, a person shall submit an application to the Honey Board stating that their production, handling, or importation of honey shall not exceed 6,000 pounds per year for the year for which the exemption is claimed.

The funds collected by the Honey Board from the assessment shall be used by the Honey Board for financing research, promotion and consumer information; such other expenses for the administration, maintenance and functioning of the Honey Board as may be authorized by the Secretary, any reserve established under this Act, and those administrative costs incurred by the Department of Agriculture pursuant to this Act after an order has promulgated under this Act, the Secretary shall be reimbursed from assessments collected by the Honey Board for any expenses incurred in the conduct of the referendum.

I would like to emphasize certain points in this section. First, it shoud be noted that this order will be free of expense to the United States Government. Any expenses incurred by the Department of Agriculture shall be reimbursed from assessments collected under this Act. The second point is that the Honey Board can be expected to be very frugal in the expenses for the administration, maintenance and functioning of the Honey Board. Not only must its actions be approved by the Secretary, but it is to be noted that every year the nominations committee may replace one third of the membership of the Board if they are displeased with the functioning of the Board. Not only that, but as we shall see later, each five years the whole program is subject to referendum to see if the producers favor keeping the program; therefore, it must be run in such a manner as to use as much of the funds as possible for research, promotion and consumer information.

No promotion funded with assessments collected under this Act may make any false or unwarranted claims on behalf of honey or

against any competing product, nor may any funds collected under this Act be used for the purposes of influencing governmental policy or action except for making recommendations to the Secretary as provided for in this Act.

The Honey Board shall develop and submit to the Secretary plans for research, promotion and consumer information. Any such plans or projects must be approved by the Secretary before becoming effective. The Honey Board may enter into contracts or agreements with the approval of the Secretary for the development and carrying out of research, promotion and consumer information and for payment of the costs thereof with the funds collected pursuant to this Act.

The Honey Board shall maintain books and records, prepare and submit to the Secretary such reports as may be required for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it and cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

Section 8 concerns permissive terms and provisions. On the recommendation of the Honey Board and with the approval of the Secretary, an order issued pursuant to this Act may contain one or more of the following provisions:

1. Provides the authority to exempt from provisions of the order honey used for exporting and provides authority for the Honey Board to require satisfactory safeguards against improper use of such exemptions.

2. Provides that in a State with an existing marketing order with respect to honey, the objectives of which the Secretary determines are comparable to the program established under this Act, there shall be paid to the Honey Board that portion of the national assessment which is above the State assessment, if any, actually paid on the honey. In other words, if a producer is from a State which has a marketing order with respect to honey and the State assessment rate is 1/4 cent per pound, the producer would pay the 1/4 cent assessment to his State and 3/4 cent to the Honey Board during the first year of the Act when the assessment rate was 1 cent per pound.

3. This section provides for the authority to designate different handler payments and reporting schedules, to recognize differences in marketing practices and procedures.

4. It provides that the Honey Board may convene working groups drawn from producers, honey handlers, importers, exporters, members of the wholesale or retail outlets of honey or other members of the public to assist in the development of research and marketing programs for honey. In other words, the Honey Board may draw on the expertise needed to develop the best program for honey that is possible.

5. It provides for the authority to accumulate reserve funds from the assessments collected to permit an effective and continuous coordinated program for research, promotion and consumer information in years when the production and assessment income may be reduced. This total reserve fund may not exceed the amount budgeted for one year's operation.

6. This section also provides for the authority to use funds collected under this Act, with the approval of the Secretary, for the development and expansion of honey and honey products sales in foreign markets. It is not likely that this section would be used often; however, it was felt that the authority should be there in case there were a real opportunity to increase the sale of honey products or honey.

7. It also provides for including terms and conditions incidental to, and not inconsistant with, the terms and conditions specified in this Act, that are necessary to effectuate the other provisions of such an order.

Section 9 deals with assessments. On domestic honey, the producer pays the assessment. The first handler of the honey is responsible for collection of the assessment from the producer and the payment of that assessment to the Honey Board. The first handler shall maintain a separate record from each producer's honey he handles and a record of any honey he produces himself. The assessment on imported honey and honey products shall be paid by the importer at the time of entry into the United States and shall be remitted to the Honey Board. In the case of honey that is put under the Honey Loan Price Support Program, the Secretary shall deduct the assessment form the proceeds of the loan and shall forward the amount of the assessment to the Honey Board. When a loan is redeemed, the Secretary shall provide the producer with proof of payment of the assessment. Producer/packers shall pay to the Honey Board the assessment on any of the honey that they produce and pack.

All handlers, producers, packers and importers who are responsible for the payment of assessments shall maintain and make available to the Secretary, such books and records as are required by the order and to file reports so that information and data shall be made available the the Honey Board and to the Secretary for the proper administration and enforcement of the Act. All information obtained in these reports filed by handlers, producers and importers shall be kept confidential by all officers and employees of the Department of Agriculture and the Honey Board. Only information that the Secretary deems relevant may be disclosed and then only in a suit or administrative hearing brought at the request of the Secretary. Nothing in this section prohibits the issuance of general statements based on the report of a number of handlers if such statement does not identify the person who furnished the information. The Secretary may publish

the name of a person violating an order along with a statement of the provision of the order violated.

Section 9H deals with refunds of assessments, and I would like to explain this section more fully. It is the intent of this Act to allow any producer or importer who does not wish to participate in the program the opportunity to obtain a refund of the assessment collected on his honey. If the producr or importer makes the demand for the refund of his assessment in the time and manner prescribed by the rules promulgated under this Act, they shall obtain that refund--except that during any year, the amount of refunds made to importers as a percentage of total assessments collected from importers, shall not exceed the amount of refunds made to domestic producers as a percentage of the total assessments collected from such producers. These refunds shall be made by the Honey Board in June and December of each year.

Some background on this provision--The importers of honey operate on a very small margin. If one importer requests the refund on his refund so that they could meet the competition would be tremendous even though they were enthusiastic supporters of the goals of the program. The domestic producer certainly should not be expected to bear the cost of this program alone since its purpose is to increase the demand for both domestic and imported honey. In order to insure that the domestic producer does not bear the whole burden of this program and at the same time to insure that importers are treated equitably, this provision was made that the amount of refund to importers as a percentage of the total assessment collected from them shall not exceed the amount of refund made to domestic producers as a percentage of the total assessments collected from such producers. For example, if during a six months' period, domestic producers request refunds on 10% of the volume of honey assessed, then importers may obtain refunds on 10% of the volume of honey they have paid the assessment on during that period if they so request. This provision insures the equitable treatment of domestic producers and importers.

Section 10 deals with petition and review. It gives any person the right to file a written petition with the Secretary stating that such an order or any provision of such an order or any obligation imposed in connection with the order is not in accordance with the law and requesting a modification thereof to be exempted therefrom. Such a person will be given the opportunity for a hearing upon his petition and after the hearing the Secretary shall make a ruling which shall be final if in accordance with the law. The District Courts of the United States in any district in which the person is an inhabitant or carrying on his business are vested with jurisdiction to review such a ruling by the Secretary. The District Court may remand proceedings to the Secretary with directions either to make such ruling as the court shall determine to be in accordance with the law or to take such further proceedings as, in his opinion the law requires.

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Section 11 deals with enforcement. It gives the District Courts of the United States the jurisdiction to specifically enforce and to prevent and restrain any persons from violating any plan or regulation under this Act. Acts relating to any civil action authorized under this section shall be referred to the Attorney General for appropriate action. Nothing in this Act requires the Secretary to refer to the Attorney General violations of this Act when the Secretary believes that the administration and enforcement would be adequately served by administrative action under subsection b.

Subsection b provides that any person who violates any provision of this plan or regulation issued by the Secretary or who fails or refuses to pay, collect or remit any assessment or fee duly required may be assessed a civil penalty by the Secretary of not more than $5,000 for each violation. In addition to, or in lieu of, such civil penalty the Secretary may issue an order requiring such person to cease and desist from continuing such violations. No penalty may be assessed or cease or desist order issued unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation. The Secretary's decision shall be final unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals. A person against whom a violation is found and a suitable penalty assessed or a cease and desist order issued may obtain review in the court of appeals of the United States for the circuit in which such person resides or carrys on business or in the United States Court of Appeals for the District of Columbia. The Secretary shall promptly file in such court a certified copy of the records upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence. Any person who fails to obey a cease and desist order after it has become final and unappealable shall be subject to a civil penalty assessed by the Secretary after an opportunity for hearing in judicial review of not more than $500 for each offense and each day during which such failure shall be deemed a separate offense. If any person fails to pay an assessment of a civil penalty, the Secretary shall refer the matter to the Attorney General for the recovery of the amount assessed in any appropriate district court of the United States. It should be noted that the enforcement of this Act should not be a problem since producers could pay their assessment and then request a refund.

Section 12 requires the Secretary to conduct a referendum to ascertain whether the issuance of an order is favored by producers and importers. No order shall be effective unless it is approved by not less than 2/3 of the producers and importers voting in such referendum or by a majority of those voting if such majority produced or imported not less than 2/3 of the honey produced and imported during the representative period. All ballots shall be kept strictly confidential.

Whenever the Secretary finds the order or any provisions of the order does not tend to effectuate the purpose of this Act, the Secretary shall terminate or suspend the operation of such order or such provisions thereof.

In addition, every five years from the date on which the Secretary issues an order authorizing the collection of assessments on honey under provisions of this Act, the Secretary shall conduct a referendum to determine if honey producers and importers favor the continuation, termination or suspension of the order. Also, the Secretray shall hold a referendum on the request of the Honey Board or when petition by 10% or more of the honey producers and importers to determine if the honey producers or importers favor termination or suspension of the order. The Secretary shall terminate or suspend such an order at the end of the marketing year whenever the Secretary determines that such suspension or termination is favored by a majority of those voting in a referendum and the producers and importers comprising this majority produce and import more than 50% of the volume of honey produced and imported by those voting in the referendum.

This bill is a badly needed first step in allowing the honey industry to make a concerted cooperative effort to increase the sale of honey. I know that the time is late. We should have been doing this for years, but we must state somewhere, sometime. Over the last two years, this subject has been discussed at many meetings over the country and the producers have been overwhelmingly in favor of taking this action. There is no organized opposition, although I realize that some producers and importers may have reservations about particular provisions. These persons will be allowed adequate opportunity to ennumerate these reservations or objections at the hearing held by the Secretary of Agriculture before any order comes up for a referendum and at the time of the referendum they will be given opportunity to vote the order down if they do not agree with the provisions of the order. In addition, it should be noted that this order is subject to periodic review by the producers and importers and can be terminated at any time that the majority feels that it is not serving the purpose for which it was intended. This bill gives the importers of honey an equitable share of the costs of increasing the consumption of honey but is careful to treat importers in an equitable manner. May I urge you to give a favorable hearing to this bill and work for its speedy passage by the Congress so that the Beekeeping industry may begin to get its own house in order.

Additional Comments on Section 12--Requirements of Referendum

There shall be no block voting by cooperatives in a referendum. Producer members of cooperatives shall vote just as all other producers.

Producer and Importer votes shall be counted together. In other words, two-thirds of the producers and importers counted together or a majority of the producers and importers voting if such majority produced and imported not less than two-thirds of the honey produced and imported counted together. It is not required that two-thirds of the producers approve and that two-thirds of the importers approve, but that two-thirds of the total voting approve.

II

98TH CONGRESS
2D SESSION

S. 2857

To enable honey producers and handlers to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey.

IN THE SENATE OF THE UNITED STATES

JULY 23, 1984

Mr. ANDREWS (for himself, Mr. ZORINSKY, Mr. BAUCUS, Mr. MCCLURE, and Mr. DIXON) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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A BILL

To enable honey producers and handlers to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Honey Research, Promotion, and Consumer Information Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 2. The Congress finds that:

(1) Honey is produced by many individual producers in every State in the United States.

(2) Honey and honey products move in large part in the channels of interstate and foreign commerce, and honey which does not move in such channels directly burdens or affects interstate commerce.

(3) In recent years, large quantities of low-cost, imported honey have been brought into the United States, replacing domestic honey in the normal trade channels.

(4) The maintenance and expansion of existing honey markets and the development of new or improved markets or uses are vital to the welfare of honey producers and those concerned with marketing, using, and processing honey, along with those engaged in general agricultural endeavors requiring bees for pollinating purposes.

(5) The honey production industry within the United States is comprised mainly of small- and medium-sized businesses.

(6) The development and implementation of coordinated programs of research, promotion, and consumer education necessary for the maintenance of markets and the development of new markets have been inadequate.

(7) Without cooperative action in providing for and financing such programs, honey producers, honey

handlers, wholesalers, and retailers are unable to implement programs of research, promotion, and consumer education necessary to maintain and improve markets for these products.

(b)(1) It is, therefore, the purpose of this Act to authorize the establishment of an orderly procedure for the development and financing, through an adequate assessment, of an effective and coordinated program of research, promotion, and consumer education designed to strengthen the position of the honey industry in the marketplace and maintain, develop, and expand markets for honey and honey products.

(2) Nothing in this Act may be construed to dictate quality standards for honey, provide for control of its production, or otherwise limit the right of the individual honey producer to produce honey. This Act treats foreign producers equitably, and nothing in this Act may be construed as a trade barrier to honey produced in foreign countries.

DEFINITIONS

SEC. 3. As used in this Act:

(1) The term "honey" means the nectar and saccharine exudations of plants which are gathered, modified, and stored in the comb by honey bees.

(2) The term "honey products" means products produced, in whole or part, from honey.

(3) The term "Secretary" means the Secretary of Agriculture.

(4) The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity.

(5) The term "producer" means any person who produces honey in the United States for sale in commerce.

(6) The term "handler" means any person who handles honey.

(7) The term "handle" means to sell, package, or process honey.

(8) The term "importer" means any person who imports honey or honey products into the United States or who acts as an agent, broker, or consignee for any person or nation that produces honey outside of the United States for sale in the United States.

(9) The term "producer-packer" means any person who is both a producer and handler of honey.

(10) The term "promotion" means any action, including paid advertising, pursuant to this Act, to present a favorable image for honey or honey products to the public with the express intent of improving the competitive position and stimulating sales of honey or honey products.

(11) The term "research" means any type of research designed to advance the image, desirability, usage, marketability, production, or quality of honey or honey products.

(12) The term "consumer education" means any action to provide information on the usage and care of honey or honey products.

(13) The term "marketing" means the sale or other disposition in commerce of honey or honey products.

(14) The term "Committee" means the National Honey Nominations Committee provided for under section 7(b) of this Act.

(15) The term "Honey Board" means the board provided for under section 7(c) of this Act.

(16) The term "State association" means that organization of beekeepers in a State which is generally recognized as representing the beekeepers of that State.

(17) The term "State" means any of the several States, the District of Columbia and the Commonwealth of Puerto Rico.

HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ORDER

SEC. 4. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and, from time to time, amend orders applicable to persons engaged in the production, sale, or handling of honey and honey products in the United States and the importation of honey and honey products into the United States.

NOTICE AND HEARING

SEC. 5. Whenever the Secretary has reason to believe that the issuance of an order will assist in carrying out the purpose of this Act, the Secretary shall provide due notice of and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any organization or interested person affected by the provisions of this Act.

FINDINGS AND ISSUANCE OF AN ORDER

SEC. 6. After notice of and opportunity for a hearing has been provided in accordance with section 5 of this Act, the Secretary shall issue an order if the Secretary finds, and sets forth in such order, that, upon the evidence introduced at such hearing, the issuance of such order and all the terms and conditions thereof will assist in carrying out the purpose of this Act.

REQUIRED TERMS OF AN ORDER

SEC. 7. (a) Any order issued by the Secretary under this Act shall contain the terms and conditions described in this section and, except as provided in section 8 of this Act, no others.

(b)(1) Such order shall provide for the establishment and appointment by the Secretary of a National Honey Nominations Committee which shall consist of not more than one member from each State, from nominations submitted by each State association. If a State association does not submit a nomination, the Secretary may provide for nominations from that State to be made in a different manner, except that if a State which is not one of the top twenty honey-producing States in the United States (as determined by the Secretary) does not submit a nomination, such State shall not be represented on the Committee.

(2) Members of the Committee shall serve for three-year terms with no member serving more than two consecutive three-year terms, except that the initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to one-year, two-year, and three-year terms.

(3) The Committee shall select its Chairman by a majority vote.

(4) The members of the Committee shall serve without compensation but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(5) The Committee shall nominate the members and alternates of the Honey Board and submit such nominations to the Secretary. In making such nominations, the Committee shall meet annually, except that after the first annual meeting, when determined by the Chairman, the Committee may conduct its business by mail ballot in lieu of an annual meeting. In order to nominate members to the Honey Board, at least 50 per centum of the members from the twenty leading honey producing States must vote. A majority of the National Honey Nominations Committee shall constitute a quorum for voting at an annual meeting. In the case of a mail ballot, votes must be received from a majority of the Committee.

(c)(1) The order described in subsection (a) shall provide for the establishment and appointment by the Secretary of a Honey Board in accordance with this subsection.

(2) The membership of the Honey Board shall consist of—

(A) seven members who are honey producers appointed from nominations submitted by the National Honey Nominations Committee, one from each of seven regions of the United States which shall be es-

tablished by the Secretary on the basis of the production of honey in the different areas of the country;

(B) two members who are handlers of honey appointed from nominations submitted by the Committee from recommendations made by industry organizations representing handler interests;

(C) two members who are importers appointed from nominations submitted by the Committee from recommendations made by industry organizations representing importer interests;

(D) one member who is an officer or employee of a honey marketing cooperative appointed from nominations submitted by the Committee; and

(E) one member selected by the Secretary from the general public.

The Committee shall also nominate an alternate or alternates for each member of the Honey Board described in subparagraphs (A) through (D), and the Secretary shall appoint an alternate for the member described in subparagraph (E). Such alternates shall be appointed in the same manner as members are and shall serve only whenever the member is absent from a meeting or is disqualified.

(3) Members of the Honey Board shall serve for three-year terms with no member serving more than two consecutive three-year terms except that the initial appointments to

the Honey Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to one-year, two-year, and three-year terms.

(4) In the event any member of the Honey Board ceases to be a member of the category of members from which the member was appointed to the Honey Board, such person shall be automatically replaced by an alternate.

(5) The members of the Honey Board shall serve without compensation but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Honey Board.

(6) The powers and duties of the Honey Board shall be to—

(A) administer any order, issued by the Secretary under this Act, in accordance with its terms and provisions and consistent with the provisions of this Act;

(B) prescribe rules and regulations to effectuate the terms and provisions of such an order;

(C) receive, investigate, and report to the Secretary, accounts of violations of such an order;

(D) make recommendations to the Secretary with respect to amendments which should be made to such order; and

(E) employ a manager and staff.

(d) The Honey Board shall prepare and submit to the Secretary, for the Secretary's approval, a budget (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including probable costs of research, promotion, and consumer information.

(e)(1) The Honey Board shall administer collection of the assessment provided for in this paragraph to finance the expenses described in subsections (d) and (f). For the first year in which the plan is in effect, the assessment rate shall be $0.01 per pound, with payment to be made in the manner described in section 9. After the first year, the Honey Board may submit to the Secretary a request for an increase in the assessment rate not to exceed 0.5 cent per year, but at no time may the total assessment rate exceed $0.04 per pound.

(2) A producer or producer-packer who produces, or handles, or produces and handles less than six thousand pounds of honey per year or an importer who imports less than six thousand pounds of honey per year shall be exempt from the assessment. In order to claim such an exemption, a person shall submit an application to the Honey Board stating that their production, handling, or importation of honey shall not exceed six thousand pounds for the year for which the exemption is claimed.

(f) Funds collected by the Honey Board from the assessments shall be used by the Honey Board for financing re-

search, promotion, and consumer information, other expenses as described in subsection (d), such other expenses for the administration, maintenance, and functioning of the Honey Board as may be authorized by the Secretary, any reserve established under section 8(5), and those administrative costs incurred by the Department of Agriculture pursuant to this Act after an order has been promulgated under this Act. The Secretary shall be reimbursed from assessments collected by the Honey Board for any expenses incurred for the conduct of referenda.

(g) No promotion funded with assessments collected under this Act may make any false or unwarranted claims on behalf of honey or its products or false or unwarranted statements with respect to the attributes or use of any competing product.

(h) No funds collected through assessments authorized by this Act may, in any manner, be used for the purpose of influencing governmental policy or action, except for making recommendations to the Secretary as provided for in this Act.

(i) The Honey Board shall develop and submit to the Secretary, for approval, plans for research, promotion, and consumer information. Any such plans or projects must be approved by the Secretary before becoming effective. The Honey Board may enter into contracts or agreements with the approval of the Secretary for the development and carry-

ing out of research, promotion, and consumer information, and for the payment of the cost thereof with funds collected pursuant to this Act.

(j) The Honey Board shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it and cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

PERMISSIVE TERMS AND PROVISIONS

SEC. 8. On the recommendation of the Honey Board, and with the approval of the Secretary, an order issued pursuant to this Act may contain one or more of the following provisions:

(1) Providing authority to exempt from the provisions of the order honey used for exporting and providing authority for the Honey Board to require satisfactory safeguards against improper use of such exemption.

(2) Providing that in a State with an existing marketing order with respect to honey, the objectives of which the Secretary determines are comparable to the program established under this Act, there shall be paid to the Honey Board as provided in section 9 that

portion of the national assessment which is above the State assessment, if any, actually paid on such honey.

(3) Providing for authority to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures.

(4) Providing that the Honey Board may convene from time to time working groups drawn from producers, honey handlers, importers, exporters, members of the wholesale or retail outlets for honey, or other members of the public to assist in the development of research and marketing programs for honey.

(5) Providing for authority to accumulate reserve funds from assessments collected pursuant to this Act to permit an effective and continuous coordinated program of research, promotion, and consumer information, in years when the production and assessment income may be reduced, but the total reserve fund may not exceed the amount budgeted for one year's operation.

(6) Providing for the authority to use funds collected under this Act with the approval of the Secretary for the development and expansion of honey and honey product sales in foreign markets.

(7) Providing for terms and conditions incidental to, and not inconsistent with, the terms and conditions

specified in this Act and necessary to effectuate the other provisions of such an order.

COLLECTION OF ASSESSMENTS; REFUNDS

SEC. 9. (a) Except as provided by subsections (c), (d), and (e), the first handler of honey shall be responsible for the collection from the producer, and payment to the Honey Board, of assessments authorized by this Act.

(b) The first handler shall maintain a separate record on each producer's honey so handled, including honey owned by the handler.

(c) The assessment on imported honey and honey products shall be paid by the importer at the time of entry into the United States and shall be remitted to the Honey Board.

(d) In any case in which a loan is made with respect to any honey under the Honey Loan Price Support Program, the Secretary shall provide that the assessment shall be deducted from the proceeds of the loan and that the amount of such assessment shall be forwarded to the Honey Board. When such loan is redeemed, the Secretary shall provide the producer with proof of payment of the assessment.

(e) Producer-packers shall pay to the Honey Board the assessment on the honey they produce.

(f) Handlers, importers, and producer-packers responsible for payment of assessments shall maintain and make available for inspection by the Secretary such books and

records as are required by the order and file reports at the times, in the manner, and having the content prescribed by the order, so that information and data shall be made available to the Honey Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act.

(g) All information obtained pursuant to subsection (f) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Honey Board. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative hearing brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party involving the order with reference to which the information was furnished or acquired. Nothing in this section prohibits—

(1) issuance of general statements based upon the reports of a number of handlers subject to any order, if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary, of the name of any person violating any order issued under this Act, together with a statement of the particular provisions of the order violated by such person.

(h) Any producer or importer may obtain a refund of the assessment collected from the producer or importer if demand is made within the time and in the manner prescribed by the Honey Board and approved by the Secretary; except that, during any year, the amount of refunds made to importers, as a percentage of total assessments collected from importers, shall not exceed the amount of refunds made to domestic producers, as a percentage of total assessments collected from such producers. Such refund shall be made by the Honey Board in June and December of each year.

PETITION AND REVIEW

SEC. 10. (a) Any person subject to an order may file, within a period prescribed by the Secretary, a written petition with the Secretary, stating that such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and requesting a modification thereof or to be exempted therefrom. Such person shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or carries on business, are hereby vested with jurisdiction to review such

ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 11 of this Act.

ENFORCEMENT

SEC. 11. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation issued under this Act. The facts relating to any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action. Nothing in this Act shall be construed as requiring the Secretary to refer to the Attorney General violations of this Act whenever the Secretary believes that the administration and enforcement of any such plan or regulation would be adequately served by administrative action under subsection

(b) or suitable written notice or warning to any person committing such violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this Act, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of such person thereunder, may be assessed a civil penalty by the Secretary of not less than $500, nor more than $5,000 for each such violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty the Secretary may issue an order requiring such person to cease and desist from continuing such violations. No penalty shall be assessed or cease and desist order issued unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation, and the order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days from the date of such

order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2) of not more than $500 for each offense, and each day during which such failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

REQUIREMENTS OF REFERENDUM

SEC. 12. For the purpose of ascertaining whether issuance of an order is approved or favored by producers and importers, the Secretary shall conduct a referendum among those producers and importers not exempt under section 7(e)(2) who, during a representative period determined by the Secretary, have been engaged in the production and importation of honey. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such an order is approved or favored by not less than two-thirds of the producers and importers voting in such referendum or by a majority of the producers and importers voting in such referendum if such majority produced and imported not less than two-thirds of the honey produced and imported during the representative period. The ballots and other information or reports which reveal, or tend to reveal, the vote of any producer or importer of honey shall be held strictly confidential and shall not be disclosed.

SUSPENSION AND TERMINATION

SEC. 13. (a) Whenever the Secretary finds that any order issued under this Act, or any provisions thereof, obstructs or does not tend to effectuate the declared purpose of this Act, the Secretary shall terminate or suspend the operation of such order or such provisions thereof.

(b) Five years from the date on which the Secretary issues an order authorizing the collection of assessments on honey under provisions of this Act, and every five years thereafter, the Secretary shall conduct a referendum to determine if honey producers and importers favor the continuation, termination, or suspension of the order.

(c) The Secretary shall hold a referendum on the request of the Honey Board or when petitioned by 10 per centum or more of the honey producers and importers to determine if the honey producers and importers favor termination or suspension of the order.

(d) The Secretary shall terminate or suspend such order at the end of the marketing year whenever the Secretary determines that such suspension or termination of the order is favored by a majority of those voting in a referendum and that the producers and importers comprising this majority produce and import more than 50 per centum of the volume of honey produced and imported by those voting in the referendum.

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DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC 20250, September 20, 1984.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC 20510.

DEAR MR. CHAIRMAN: We appreciate this opportunity to respond to your request for a report on S. 2857, a bill "To enable honey producers and handlers to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey."

The Department recommends that the bill be enacted.

S. 2857 is identical to H.R. 5358 which passed the House on July 24, 1984.

The legislation would provide statutory authority to the honey industry similar to that now provided for cotton, eggs, potatoes, wheat, beef, and floral products. It has been the Department's continuing position to support industry self-help programs of this nature which are designed to improve the competitive position of producers in the marketplace.

S. 2857 would provide for a program of research, promotion, and consumer information for honey and honey products. To become effective, the program must be approved by two-thirds of the producers and importers voting in referendum or by a majority of producers and importers voting if such majority produced and imported not less than two-thirds of the honey produced and imported during the representative period determined by the Secretary. The program would be financed through assessments paid by producers and importers.

Under the supervision of the Secretary, the program would be administered by a Honey Board. The Honey Board would be comprised of 13 members (7 producers, 2 handlers, 2 importers, 1 honey marketing cooperative representative, and 1 public representative), appointed by the Secretary from nominations submitted by the National Honey Nominations Committee. Termination of the order could be effected by a majority of producers voting in referendum, or by the Secretary if it is deemed that the order obstructs or does not tend to effectuate the declared policy of the Act. Provision is also made for the Secretary to conduct a referendum 5 years from the date of issuance of the order, and every 5 years thereafter, to determine if honey producers favor the continuation, termination, or suspension of the order.

Assessments under the program would be at the rate of one-cent per pound for the first year the order is in effect. Thereafter, the rate of assessment may be increased by one-half-cent per pound per year, with a maximum rate of assessment of four-cents per pound. Producers or importers assessed under the program would be entitled to a refund of assessments upon request. An exemption from the assessment is provided for any producer or producer-packer who produces or handles less than 6,000 pounds of honey per year or an importer who imports less than 6,000 pounds of honey per year.

In recent years the U.S. honey price support program has forced the domestic support price well above the world price, encouraging massive imports of less expensive foreign honey. As a result, U.S. surplus stocks and CCC honey acquisitions under the price support program have been increasing sharply and in 1983 were about one-half of the crop.

U.S. annual per capita consumption of honey has been in the range of 1.02 to 1.26 pounds in recent years. The proponents of this legislation believe this program could potentially increase per capita consumption from this low level. Such an increase in demand could have a stabilizing effect on prices and might reduce the quantity of honey acquired by CCC under the price support program. However, this bill would not have an effect on any possible further increases in the honey support prices and resulting increases in imports of less expensive honey.

The 1983 domestic production of honey was about 205 million pounds and imports were about 110 million pounds. Application of a one-cent-per-pound assessment rate to these quantities would result in revenue of about $3.2 million. The proposed 6,000 pound exemption for individual producers and importers would, however, result in some reduction from this level.

The bill also authorizes the Secretary to deal directly with violators of the Act by assessing civil penalties of not less than $500 or more than $5,000 and issuing cease and desist orders for violations of any order or regulation. This authority would enable the Department to deal with violators through administrative sanctions, subject, of course, to procedural due process. This would expedite the enforcement proc-

ess, relieve the overburdened Federal court system, and communicate to those covered by the Act the importance of complying with the Act's provisions.

Estimated costs to be reimbursed to the Department for promulgation proceedings, including hearings, printing, postage, and conduct of the referendum is about $20,000. In addition, the Honey Board would be required to reimburse the Department approximately $40,000 annually for administrative costs incurred.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

JOHN R. BLOCK, Secretary.

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